

ADMINISTRATIVE POLICY

Revenue Recognition – Summer Term (Tuition & Fee Revenue, Housing Revenue & Credits, Financial Aid, and Stipend Expense)

| | | |
|-----------------------------------|------------------------------------|--|
| Approval Authority: | Vice Chancellor for Finance | Originally issued: May 2018 |
| Responsible Administrator: | Controller | |
| Responsible Office: | Finance | Current version |
| | Enrollment Affairs' Office | effective as of: November 2019 |
| Policy Contact: | Assistant Controller | |

POLICY STATEMENT/REASON FOR POLICY

All summer tuition and fee revenues, housing revenues and credits, financial aid, and stipend expense are deferred at the time of billing. The goal of this document is to define how to recognize tuition and fee revenue, housing revenue and credits, financial aid, and stipend expense when earned in accordance with general accepted accounting principles (GAAP).

THIS POLICY APPLIES TO

This policy applies to all Vanderbilt financial units receiving tuition and fee revenues, housing revenue and credits, financial aid, and stipend expense for the summer term, primarily schools and athletics. Summer term includes May, June, and July sessions. This policy does not apply to the academic term; see separate Revenue Recognition Academic Term policy.

POLICY

- A. Balance sheet reconciliations are conducted at the (natural) account balance level where sub-ledger, third-party statements, or similar supporting documentation is available for substantiation.
- B. Entries are recorded during the 4th quarter to recognize tuition and fee revenue, housing revenue and credits, financial aid, and stipend expense to ensure revenues and related expenses are properly matched when earned and recognized in the appropriate fiscal year.
- C. Entries must be posted by the fourth day of close.
- D. Tuition and Fees Revenue Recognition Methodology
 - 1. Maymester = 100% recognized in current fiscal year

2. June and July classes = Determined by calculating the number of days for each session type to determine the percentage that falls into the current fiscal year and the following fiscal year. The percentage is averaged by career and rounded to either of the following allocations between fiscal years:
 - a. 50.00% in the current fiscal year and 50.00% in the following fiscal year
 - b. 33.33% in the current fiscal year and 66.67% in the following fiscal year

E. Housing Revenue Recognition Methodology

1. Maymester = 100% recognized in current fiscal year
2. Summer Session 1 = 100% recognized in the current fiscal year
3. Summer Session 2 = 100% recognized in the following fiscal year

F. Financial Aid Recognition Methodology

1. Maymester = 100% recognized in current fiscal year
2. June and July classes = Determined by calculating the number of days for each session type to determine the percentage that falls into the current fiscal year and the following fiscal year. The percentage is averaged by career and rounded to either of the following allocations between fiscal years:
 - a. 50.00% in the current fiscal year and 50.00% in the following fiscal year
 - b. 33.33% in the current fiscal year and 66.67% in the following fiscal year

G. Stipend Expense Recognition Methodology

1. Maymester = 100% recognized in current fiscal year
2. June and July classes = Determined by calculating the number of days for each session type to determine the percentage that falls into the current fiscal year and the following fiscal year. The percentage is averaged by career and rounded to either of the following allocations between fiscal years:
 - a. 50.00% in the current fiscal year and 50.00% in the following fiscal year
 - b. 33.33% in the current fiscal year and 66.67% in the following fiscal year

H. Summary of Summer Session Recognition

| School | Session | Actual Allocation | | Recognition % for School | |
|---------------------------------------|---------|-------------------|------------|--------------------------|---------------|
| | | YR1 | YR2 | YR1 | YR2 |
| A&S | 1 | 38% | 62% | | |
| A&S | 3 | 83% | 17% | | |
| A&S | 4 | 0% | 100% | | |
| Average for A&S | | 40% | 60% | 33.33% | 66.67% |
| Blair | 1 | 38% | 62% | | |
| Blair | 3 | 83% | 17% | | |
| Blair | 4 | 0% | 100% | | |
| Average for Blair | | 40% | 60% | 33.33% | 66.67% |
| Divinity | 1 | 57% | 43% | | |
| Average for Divinity | | 57% | 43% | 50.00% | 50.00% |
| Engineering | 1 | 38% | 62% | | |
| Engineering | 3 | 83% | 17% | | |
| Engineering | 4 | 0% | 100% | | |
| Average for Engineering | | 40% | 60% | 33.33% | 66.67% |
| Graduate | 1 | 38% | 62% | | |
| Graduate | 3 | 83% | 17% | | |
| Graduate | 4 | 0% | 100% | | |
| Average for Graduate | | 40% | 60% | 33.33% | 66.67% |
| Law | 1 | 49% | 51% | | |
| Average for Law | | 49% | 51% | 50.00% | 50.00% |
| SOM | 1 | 38% | 62% | | |
| Average for School of Medicine | | 38% | 62% | 33.33% | 66.67% |
| SON | 1 | 64% | 36% | | |
| Average for School of Nursing | | 64% | 36% | 50.00% | 50.00% |
| Ow en | 1 | 38% | 62% | | |
| Ow en | 3 | 83% | 17% | | |
| Ow en | 4 | 0% | 100% | | |
| Average for Owen | | 40% | 60% | 33.33% | 66.67% |
| Peabody | 1 | 38% | 62% | | |
| Peabody | 3 | 83% | 17% | | |
| Peabody | 4 | 0% | 100% | | |
| Peabody | 20 | 76% | 24% | | |
| Peabody | 21 | 0% | 100% | | |
| Peabody | 34 | 67% | 33% | | |
| Average for Peabody | | 44% | 56% | 50.00% | 50.00% |

DEFINITIONS

General Ledger - The general ledger contains all Vanderbilt financial transactions. Currently, the general ledger (system of record) is Oracle. Information from the general ledger is used by Vanderbilt to analyze, report, and monitor the results of the business.

Tuition and fees - Tuition is money received in exchange for instruction for which the student receives course credit. Fees are charges assessed by the university to students such as the student activity fee.

Housing revenues - Housing revenue is money received for the rental of residence hall rooms which are owned and operated by the university for use by students.

Financial aid – Financial aid is money offered to students in the form of a grant, scholarship or loan to help with university-related expenses.

Stipend expense – Stipends are money offered to students to cover expenses over the course of the academic term. Stipends have no service requirement. Payments to students for services provided to the university are student salary expense.

Revenue recognition principle – The accounting principle, under the accrual basis of accounting, whereby revenues are recognized when they are realized or realizable, and are earned (services provided) no matter when cash is received.

Matching principle – This accounting principle directs expenses be recorded on the income statement in the same period as the related revenues.

Career – The career is the classification of the student by enrolled hours including undergraduate, graduate, or professional.

Session – The session is the term of class including full term, first half, and second half. Beginning and ending dates of sessions may vary by career.

CONSEQUENCES OF NON-COMPLIANCE

Failure to follow policy could result in inaccurate or incomplete Entity financial statements.

PROCEDURES

See documented example/procedures for completing a journal entry here:
<https://www.vanderbilt.edu/skyvu/business-unit-approvers.php>

FREQUENTLY ASKED QUESTIONS

N/A

ADDITIONAL CONTACTS

| Subject | Contact | Office | Phone |
|------------------------------|---------|------------|----------------|
| Revenue Recognition - Summer | Finance | Accounting | (615) 343-6601 |

RELATED POLICIES/DOCUMENTS

Revenue Recognition – Summer Term

https://finance.vanderbilt.edu/policies/Revenue_Recognition_Academic_Year_Policy.pdf

HISTORY

Issued: May 2018

Reviewed: November 2019

Amended: November 2019

Procedures Website

N/A

FAQ Website

N/A